

Vacant Building Registration Analysis



An Evaluation of Housing Types and Characteristics Associated with Long-Term Vacancy and Inclusion in the Vacant Building Registration Program

City of Minneapolis Regulatory Services

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City of Minneapolis Department of Regulatory Services

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Abstract

The purpose of this study was to find trends in property characteristics, property history, special assessments, violations, police calls and city authorized abatement of environmental nuisances associated with vacant properties and to use this data to identify common characteristics for properties that have been on the Vacant Building Registration (“VBR”) list for over two years. The VBR Program was created in 2001 to enforce environment and housing code violations and to track and monitor security of vacant and abandoned homes. The analysis included evaluation of characteristics such as a concentration of larger properties, high amounts of special assessments, excessive police calls, number of unsatisfied mortgages, amount of delinquent taxes, violations count and ownership. The research and analysis showed that properties on the VBR list for two or more years tended to be larger, had high amounts of special assessments, and accumulated numerous violations as well as condemnations and foreclosures. Additionally, the study examined properties that were removed from the VBR list within two years to provide a comparison to the properties that have stayed on the VBR list for two or more years. Included in this report are recommendations that will help reduce the amount of vacant properties and strategies that will help incentivize rehab and incorporate them back into sustainable communities. The Problem Properties Unit led the research and analysis of this study with support from a committee of Non-profit partners as well as other City of Minneapolis departments. Within the Problem Properties Unit, the research and drafting of this report was the primary responsibility and resulting effort of University of Minnesota Student Interns assigned to the Department of Regulatory Services. Research and data was obtained through the City of Minneapolis Property Information system, KIVA, Hennepin County Research Center, and the Multiple Listing Service.

Mission: Strengthening communities by partnering with residents, neighborhoods and businesses to make the city safer, healthier and more inviting for all



Table of Contents

Acknowledgements	4
Introduction	5
Goals/Objectives	6
Methodology	6
Findings	7
Ownership	8
Housing Flags- Identifying condition and rehabilitation status	8
Square Footage and Dwelling Units	10
Age	11
Property History: Mortgages, Foreclosures & MLS Information	11
Special Assessments	13
Housing Violations, Police Calls, and Authorizations	14
Rental Information	15
Maps	17
Conclusion	17
Recommendations	18
Glossary	22
Appendix	25



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Vacant Building Registration Analysis: An Evaluation of Housing Types and Characteristics Associated with Long-Term Vacancy and Inclusion in the Vacant Building Registration Program

Introduction:

The Vacant Building Registration (“VBR”) program was created in 2001 to track, monitor and manage nuisance vacant properties in the City of Minneapolis. This program is administered by the Department of Regulatory Services’ Problem Properties Unit (“PPU”). The program is also used to identify properties in extreme disrepair and determine appropriate abatement actions (including demolition). Properties included in the VBR list meet one or more of the following requirements:

- Condemned requiring a code compliance inspection.
- Unoccupied and unsecured for five days or more.
- Unoccupied and secured by means other than those normally used in the design of the building for 30 days or more.
- Unoccupied with multiple housing maintenance, fire or building code violations existing for 30 days or more.
- Unoccupied more than 365 days with an order having been issued to correct a nuisance condition pursuant to section 227.90.
- A vacant commercial or residential building or structure which is unable to receive a certificate of occupancy due to work stoppage or expired permits.

Routine inspections are conducted to verify that these properties are being maintained and secured while an annual fee is issued to compensate for the costs of these services (Minneapolis, MN section 249.80 of the City of Minneapolis Ordinances).

One of the primary functions of the PPU and the VBR program is to find ways to resolve vacant property issues so that the properties can be successfully and legally re-occupied. In order to meet this goal the PPU undertook this study to examine properties which have been on the VBR list for two or more years and identify potential characteristics that prevent these properties from being removed from the VBR list. An analysis/research committee (“VBR Research Committee”) was formed and consisted primarily of PPU staff as well as members of the Department of Community Planning and Economic Development, the North Side Housing Fund, the Twin Cities Community Land Bank, the Greater Metropolitan Housing Corporation, Urban Homeworks and Project for Pride in Living.

The Committee identified several preliminary factors to research that were deemed most associated with long-term vacancy. Initial data analyzed included size, special assessments, police calls, mortgage status, property tax status (delinquent or paid) and ownership.

The Committee met 6 times between June 26th-December 20, 2013 to review data, discuss observations, agree on findings and make recommendations for procedural and policy changes specifically tailored to address the issues and concerns. The following report is a summary of the research and final recommendations.



Goals/Objectives:

The main objectives of this study were to:

1. Identify common housing trends and characteristics of properties on the VBR list for two or more years.
2. Determine underlying causes for extended vacancy rates.
3. Develop new policy solutions to prevent properties from remaining vacant for long periods of time.

As stated in the Ordinance governing vacant properties (Minneapolis Code of Ordinances Chapter 249) “properties that remain on the list for an appreciable period of time become attractive nuisances to children, a harborage for rodents and an invitation to derelicts, vagrants and criminals as a temporary abode, and an increased fire hazard ... and that the unkempt grounds surround such property invite the dumping of garbage and rubbish.” Reducing the number of properties that have been in the VBR program for extended time periods will ensure that properties do not continue to deteriorate and create long-term negative impacts or blight upon the surrounding community. Simultaneously, addressing properties on the VBR list within a shorter time-frame can also prevent potential stakeholders from abandoning or losing interest in these properties, thus increasing responsible ownership throughout our communities.

Methodology:

Properties were selected for this study based on their inclusion in the VBR list as of June 1, 2013. Categories and subcategories were created to differentiate these properties for evaluation. Categories included were:

- the current list of residential VBR properties (entire list)
- properties that had been on the VBR list for two years and longer
- properties that had been removed from the VBR list in the last two years

These categories were created to help compare and contrast housing characteristics between properties that have been on the VBR list for extended periods of time versus properties that were quickly removed or recently added to the VBR list.

The primary resources used to complete this study include:

- City of Minneapolis Property Information System
- KIVA, the City’s Land Management Database
- Hennepin County Research Center
- Multiple Listing System (“MLS”)
- EnQuesta (a database tracking water usage and billing)



The City of Minneapolis Property Information System and KIVA provided housing information including ownership, condemnation status, square footage, dwelling units, age of structure, special assessments, housing violations, police calls and city authorized abatement of environmental nuisances. Additional information was gathered at the Hennepin County Research Center and examination of the MLS provided mortgage information, foreclosure history, delinquent taxes and housing sales information. The MLS system is used for real estate agents to actively list properties and has listing information available from past property sale activity. Information provided by these systems gave an in depth understanding of these properties' history. Property history is important when comparing the inclusion of VBR properties in the housing market versus non-VBR properties. Examining the property history also helped to understand why some properties remained on the list for an extended period of time. EnQuesta was a tool used to find activity in housing sales as well as foreclosures that may have occurred. For a glossary and more detailed description of data sources, see Appendix.

The data collection of this study was a collaborative effort with the help of the VBR Research Committee. The following is a complete list of data evaluated:

Table 1:		
Entire List (608 properties)	Two or more years (233 properties)	Removed List (654 properties)
• Ownership	• Ownership	• Ownership
• Condemnation Status	• Condemnation Status	• Rental Information
• Rehab Status – Rest Ag	• Rehab Status – Rest Ag	• Dwelling Units
• Dwelling Units	• Dwelling Units	• Square Footage
• Square Footage	• Square Footage	• Maps of geographic information
• Maps of geographic information	• Maps of geographic information	
• Age of Structure	• Age of Structure	
	• Special Assessments	
	• Property History (mortgages, foreclosures, MLS Information)	
	• Violations, Police Calls & Authorizations	

This data was chosen in order to create property profiles for each VBR list category. These profiles served as a means to analyze housing trends and characteristics that could explain why some properties resolved vacancy faster than other properties.

Findings:

Findings from this study range from general trends to specific characteristics within each VBR list category. Findings for all VBR list categories include differences in ownership, housing flags that identify condemnation or rehabilitation status, square footage, dwelling units, and geographic maps. Additional information was obtained for properties on the VBR list for two or more years including age of



structures, property history, special assessments, housing violations, police calls, and authorizations. Furthermore, rental information was obtained for the removed VBR properties.

Ownership

Properties on the VBR list for shorter periods of time appear to have a greater proportion of private ownership (meaning a standard private name – not an identifiable bank or limited liability corporation) while properties that remain in the VBR program for two or more years are more likely to be owned by Hennepin County, CPED or a non-profit. Forty-eight (48) % of properties on the VBR list for more than two years are privately owned compared to 54% of the entire list and 67% of properties recently removed from the VBR list. See Figures 1a-1c. The VBR Research Committee concluded that this could indicate that owners are more involved and invested in property early in the VBR process but lose interest or capacity the longer the property remains vacant.

Figure 1a: All VBR Properties Owner Distribution

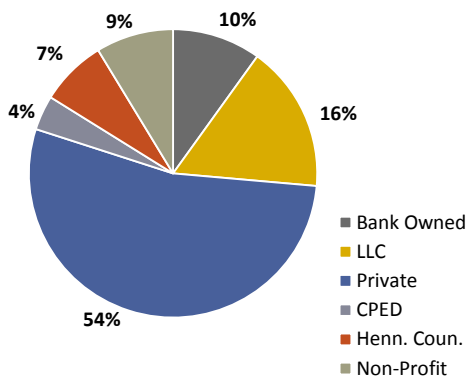


Figure 1b: 2+ Year VBR Properties Owner Distribution

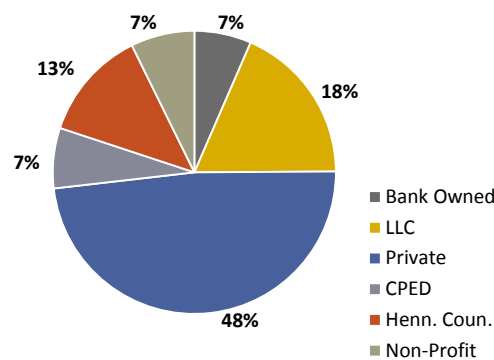
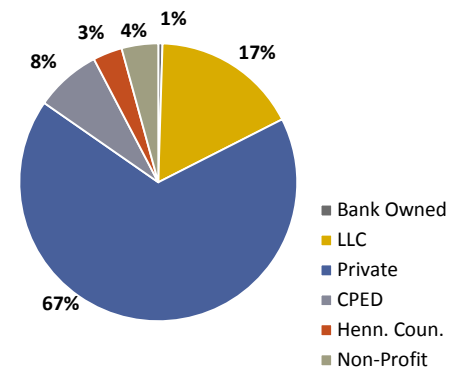


Figure 1c: Removed VBR Properties Owner Distribution



Having properties owned by larger organizations (such as banks) or groups (LLCs) may prevent or delay properties from being removed from the VBR list due to burdensome internal administrative processes or other procedures associated with larger entities.

Housing Flags – Identifying condition and rehabilitation status

In order to fully understand the problematic characteristics of these properties the VBR Research Committee evaluated a selection of Regulatory Services inspection related flags. Regulatory Services uses specific flag codes in its main database to identify types of conditions or circumstances related to a property or property conditions. For purposes of this research, the flags were limited to the following four:

- CON1- this is a housing flag indicating that the property was condemned due to lack of maintenance. Condemned properties require a code compliance inspection prior to sale and completion of items on the Code Compliance list before they can be occupied.



- CONB- this housing flag indicates that the property has been condemned due to being boarded for more than 60 days. Condemned properties require a code compliance inspection prior to sale and completion of items on the Code Compliance list before they can be occupied.
- RESTAG- the Restoration Agreement flag indicates that the owner is rehabilitating a property on the VBR list.
- DIRORD- flag is applied when the Director of Regulatory Services' issues an order to demolish a structure.

This report found that Restoration Agreements and Director's Orders flags were not significantly different between the entire VBR list and the two or more years VBR list. However, there were some notable differences in the percentage of condemned (CON1 and CONB) properties.

The research shows that there are a higher proportion of condemned properties within the two or more year VBR list than the list as a whole. The proportion of properties that are condemned within the entire VBR list is 45% compared to 59% for the properties on the list for more than two years. See Figures 2a-2b. In the City of Minneapolis, a condemned property loses its certificate of occupancy and requires a code compliance inspection and completion of these repairs before the property can be re-occupied. The inspection is done by a team of trade inspectors who identify building, plumbing, heating and housing code violations. The VBR Research Committee concluded that properties that are condemned may be less appealing to investors or people who would want to rehabilitate the property due to the additional code compliance requirements and costs.

Figure 2a: Housing Flags for All VBR Properties

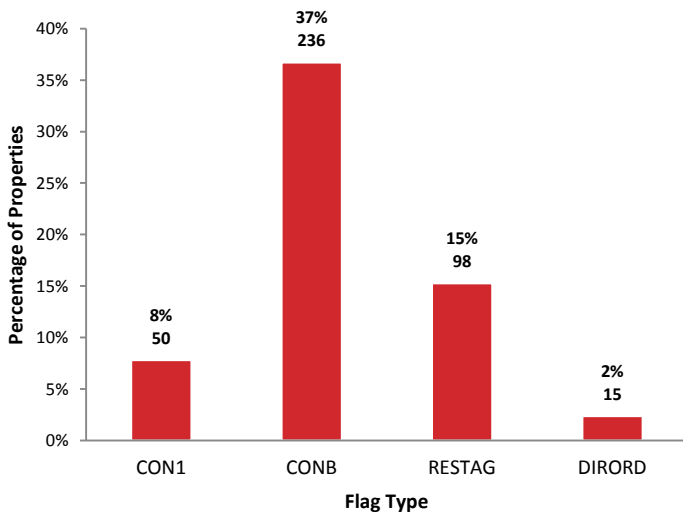
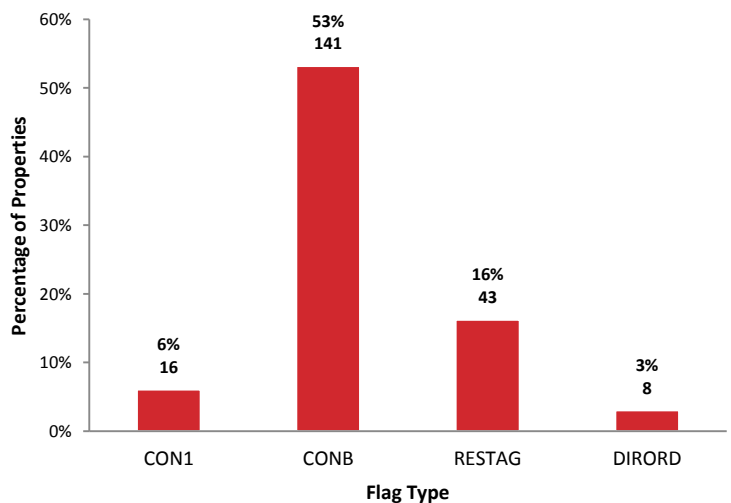


Figure 2b: Housing Flags for 2+ Year VBR Properties



Square Footage and Dwelling Units

Size and unit count appears to be a factor in determining the likelihood that a property will resolve its vacancy status quickly or linger on the list¹. Properties on the VBR list for two or more years generally have larger square footage and more dwelling units compared to the entire VBR list and those removed from the VBR list. Twenty-five (25) % of the properties on the VBR list for two or more years are duplexes with 1500 or more square feet compared to the entire VBR list which has 17%. See Figure 3b The VBR committee concluded that this is due in part to the additional cost of rehabilitation and the ability to recover costs (rental or resale) in a weaker market.

Conversely, the study found that mid-sized single family properties have a higher rate of removal from the program than other housing types. Nearly 40% of properties removed from the VBR program were single family structures with 1,000-1,500 square feet in comparison to 30% for the entire VBR list and 25 % for the two or more year VBR list. See Figure 3a.

Figure 3a: Square Footage: Single Family Dwelling VBR Properties

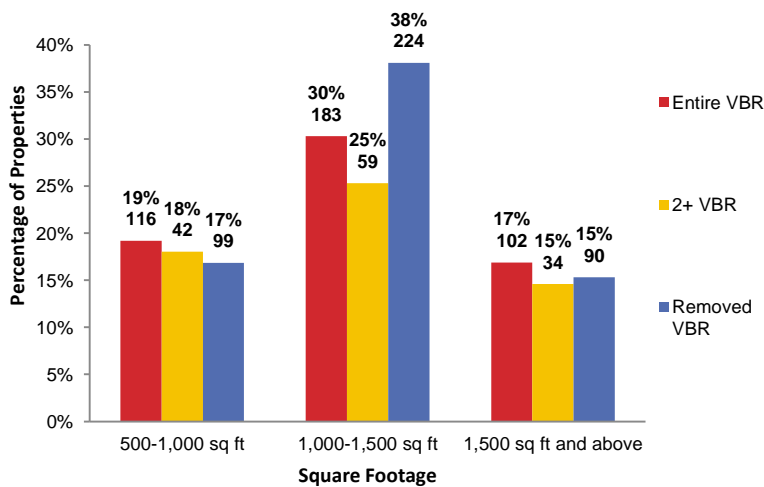


Figure 3b: Square Footage: Duplex VBR Properties

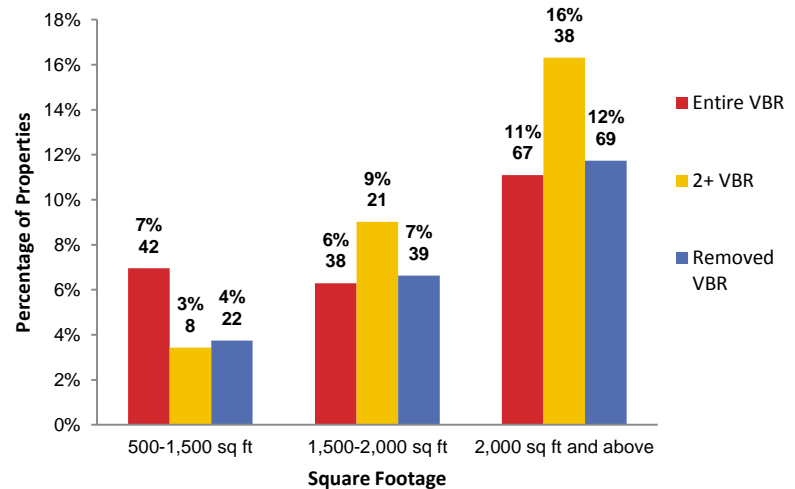


Figure 3c: Square Footage: Triplex VBR Properties

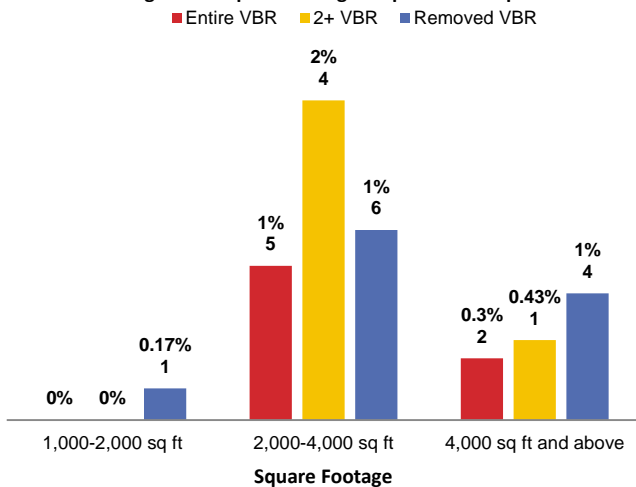
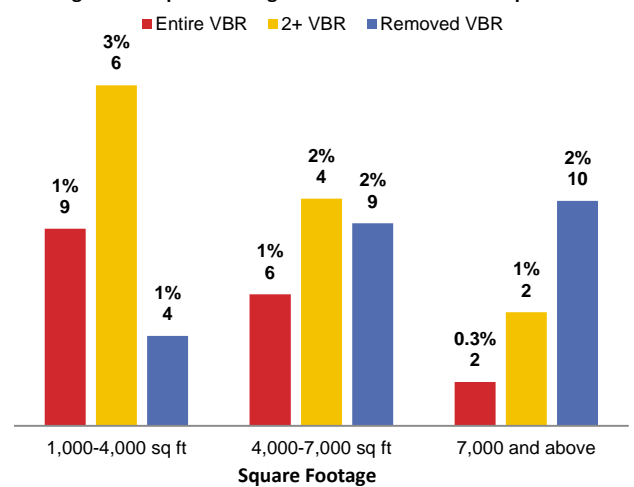


Figure 3d: Square Footage: 4 or More Units VBR Properties



¹ In general, a property is removed from the list because it is rehabilitated (either through the Code Compliance process or a completed Restoration Agreement), was re-occupied for rental (with a valid rental license), was approved to be occupied by the owner or was demolished.



Age

Properties on the VBR list for two or more years had an average age of 94 years with the oldest building being 130 years old and the newest property being 25 years old. These figures closely resemble the age distribution of properties within the City of Minneapolis. The difference in age between properties on the entire VBR list vs. properties on the two plus years was negligible (94% vs. 96%, respectively), so no conclusions could be drawn based on age. See Figures 4a-4b.

Figure 4a: 2 + Year VBR (233 properties) : Age Distribution

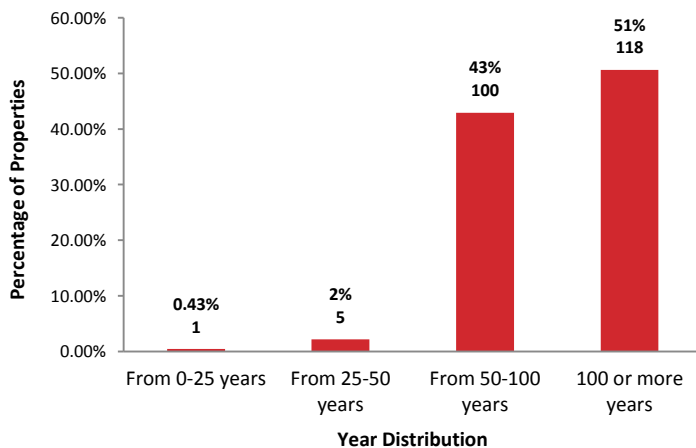
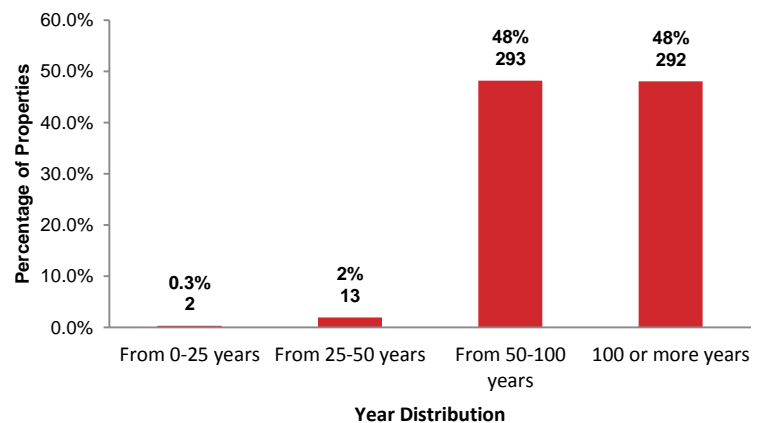


Figure 4b: Entire Residential VBR (608 properties): Age Distribution



* Information not found for 8 properties

Property History: Mortgages, Foreclosures, & MLS Information

The VBR Research Committee also looked at mortgage information on a subset of VBR properties that have been in the VBR program for two or more years with private or bank owners. Unlike the other data sets that could be obtained using automated queries of internal databases, this particular research required staff to use Hennepin County computers and the MLS system to individually retrieve data on an address by address basis. The data collected included mortgage type(warranty deeds, contract for deeds, quitclaim deeds, limited warranty deeds, state deeds and contract for purchase of tax-forfeited land), and identification of unsatisfied mortgages. There was also research conducted on foreclosure history, which incorporated sheriff sales, notice of pendency to foreclose and power of attorney to foreclose and MLS data that provided information on active sale listings, number of sales and overall incorporation of these properties in the real estate market.

Initial findings indicate that many of the VBR properties have had a foreclosure or are in foreclosure, or had an unsatisfied mortgage: thirty-six (36) % of properties on the VBR list for two or more years have a foreclosure history (defined for purposes of this study as having a sheriff sale in the life of the property). See figure 5a.

Additionally, the data indicates a very low rate of active marketing of these properties through traditional means, such as listing on the MLS. The MLS data shows only 5% of properties on the VBR list



for more than two years have an active MLS listing, reflecting the fact that these properties are not well represented in the active real estate market.

Another interesting finding relates to mortgage satisfaction. Nearly 20% of properties had satisfied mortgages – meaning there is no active lender. See Figure 5b. It means that the reasons for abandoning property were motivated by factors unrelated to foreclosure and locating an owner under these circumstances can be difficult.

Similarly, the VBR Research Committee found a significant number of properties where a foreclosure action had been started by the bank but never completed (via sheriff's sale). These are referred to as charge-offs. This is usually done with a Notice of Pendency to Foreclose, Power of Attorney to Foreclose, or both. If these actions are taken and the process is not finalized, it is assumed to be charged off. In these situations, the bank has decided not to pursue a foreclosure and the owner believes that they may have been foreclosed on, leaving a void in responsibility and ownership. The study concluded that a possible 11% of properties on the list for more than two years could be defined as charge-offs. See Figure 5a. This is a particularly complex situation and requires active engagement with the banks and the various departments from the finance divisions to the Real Estate Owned (REO) departments.

Figure 5a: Property History: 2 or more years Residential VBR (229 properties)

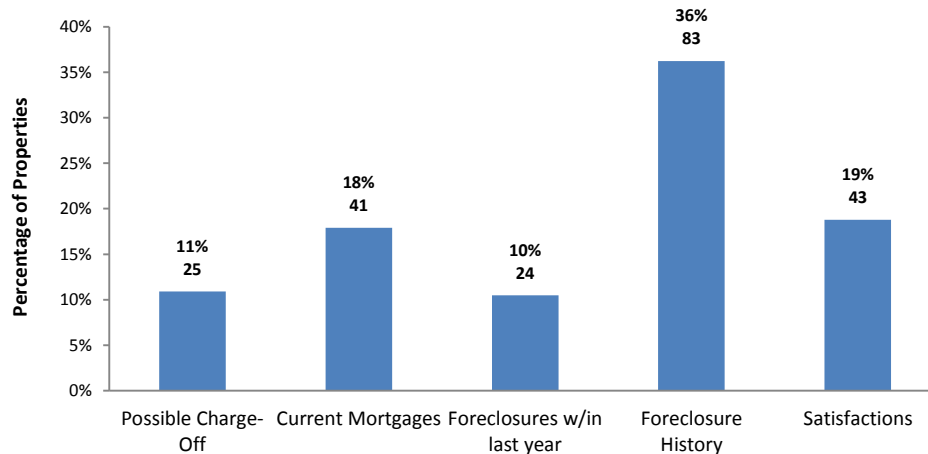
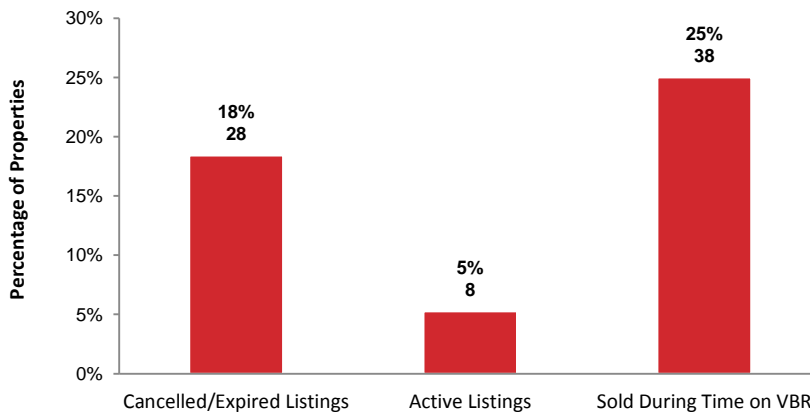


Figure 5b: MLS History (Private/Bank Owned) for 2+ Year VBR List (152 properties)



Special Assessments

Special assessments are service fees and fines or administrative citations that are applied to the property tax. In general, special assessments are applied after the City of Minneapolis has provided a service such as grass cutting, weed removal, board up or demolition. VBR fees are also applied as an assessment if not paid. At the time of this report, the annual VBR fee for a property in the program is \$6948.00. This fee is due at the time the building is identified as eligible for the Vacant Building Registration program and then again on the anniversary of the VBR registration date. The fee is charged annually until the property is removed from the VBR. Common methods for getting off the VBR list were cited in a previous section of this report.

On average, a VBR property that has been on the list for two plus years has \$21,471 of levied and pending assessments. Additionally, when these VBR properties are divided into ranges of two to five years and five or more years, the assessments accumulate over time. See figure 6b. Levied and pending assessments on average increase from \$18,647 for two to five year VBR properties to \$29,608 for five years or older VBR properties. See Figure 6b.

In this market, high assessments and delinquent property taxes become a detriment to sale and rehabilitation. In addition, these high fees may hinder an owner's ability to rehabilitate the property in order to make it ready for sale or re-occupancy-leading to increased abandonment.

Figure 6a: Special Assessments for 2+ Year VBR Properties (229 properties)

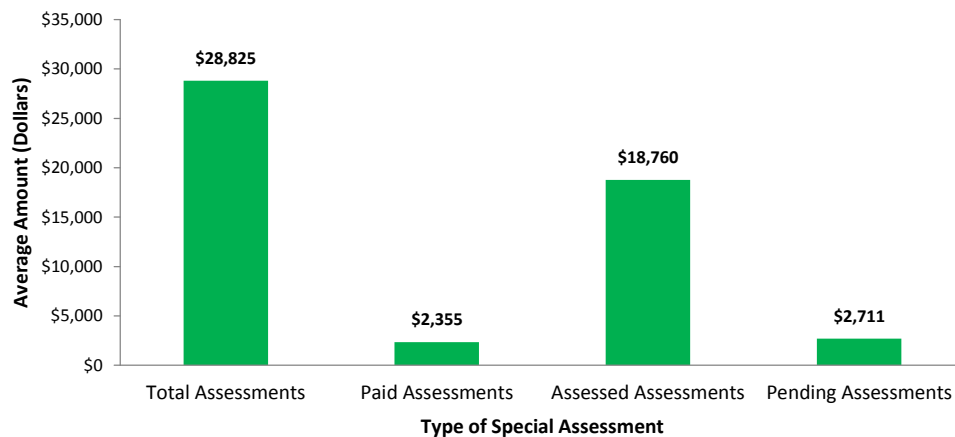
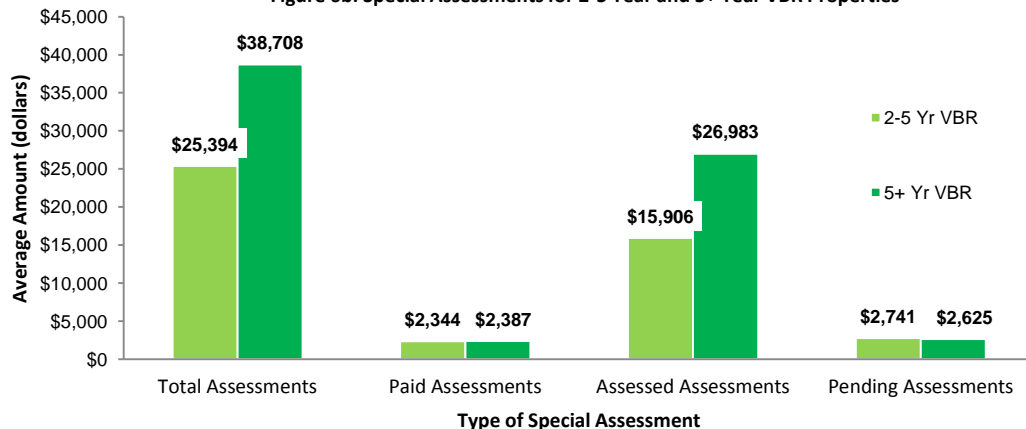


Figure 6b: Special Assessments for 2-5 Year and 5+ Year VBR Properties



Housing Violations, Police Calls, and Authorizations

Housing violations, police calls and contractor services are variables used to measure the expenditure of time and resources the City of Minneapolis spends on vacant properties. The majority of homes on the VBR list have multiple housing code violations. In addition to structural violations (such as substandard roofing, siding or windows), most vacant properties also have had repeat environmental violations. The type of environmental violations associated with vacant properties include removal of rubbish (such garbage, tires, debris and other miscellaneous items), grass and weed removal and securing properties that are open to trespass.

An example of the City managing vacant properties on behalf of the absent owner occurs when an unresolved environmental issue such as tall grass or weeds requires an outside contractor to abate the issue. The most common types of contractor authorizations are for grass cutting, rubbish removal and securing the property by means of board up. A disproportionate number of these actions indicate that the property is not being well maintained or managed by a responsible owner during the time it is on the VBR list.

The study revealed that the longer a property is on the VBR list, the more likely it was to have housing code violations and require contractor abatement services. See Figure 8b. When the VBR list is broken down further between properties on the list from 2-5 years and those on for longer than 5 years, a sharp increase is seen as total housing code violations increase on average by 84% (rising from 32 to 59), and contractor abatement authorizations increase by 24% (from 17 to 21). See Figure 7b.

The Minneapolis Police Department is involved when a property becomes a threat to public safety. Calls for Police service typically include trespass concerns, squatters, disturbances, and violence. This data is collected through the City's 911 system.

Figure 7a: Violations and Authorizations for 2+ Year VBR Properties

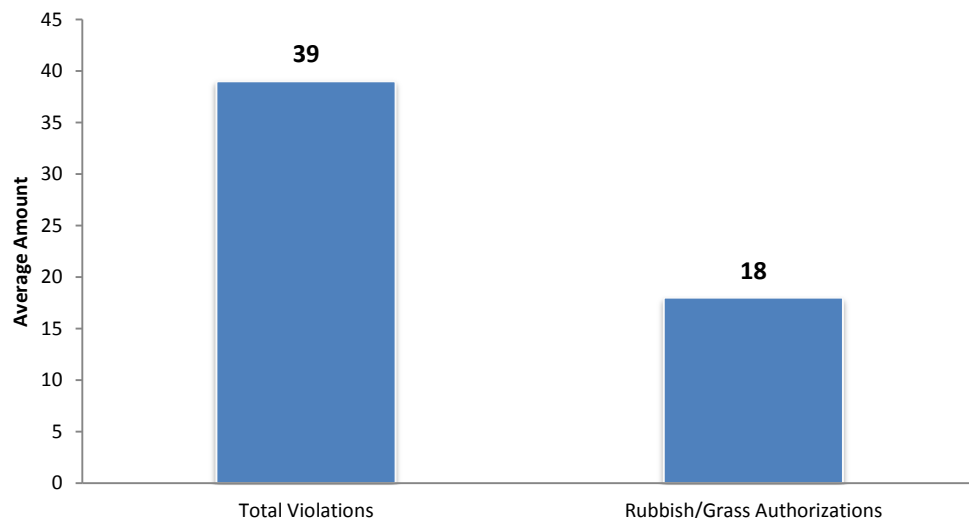
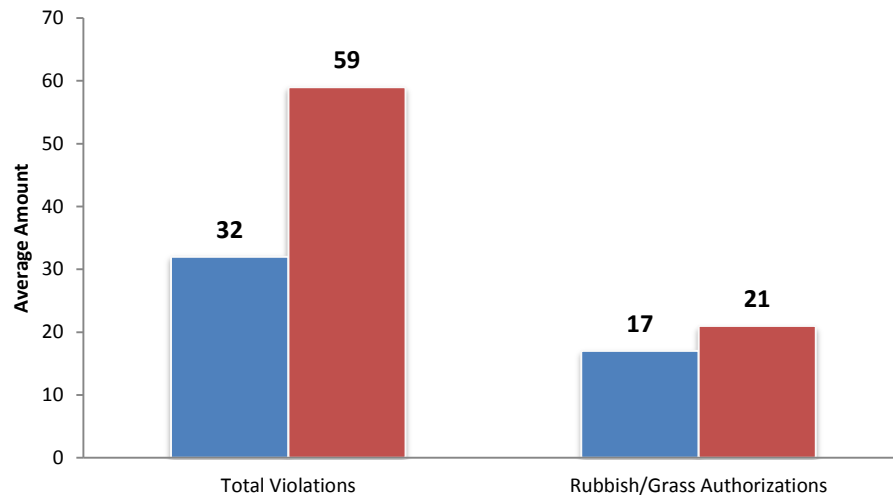


Figure 7b: Violations and Authorizations for 2-5 Year & 5+ Year VBR Properties



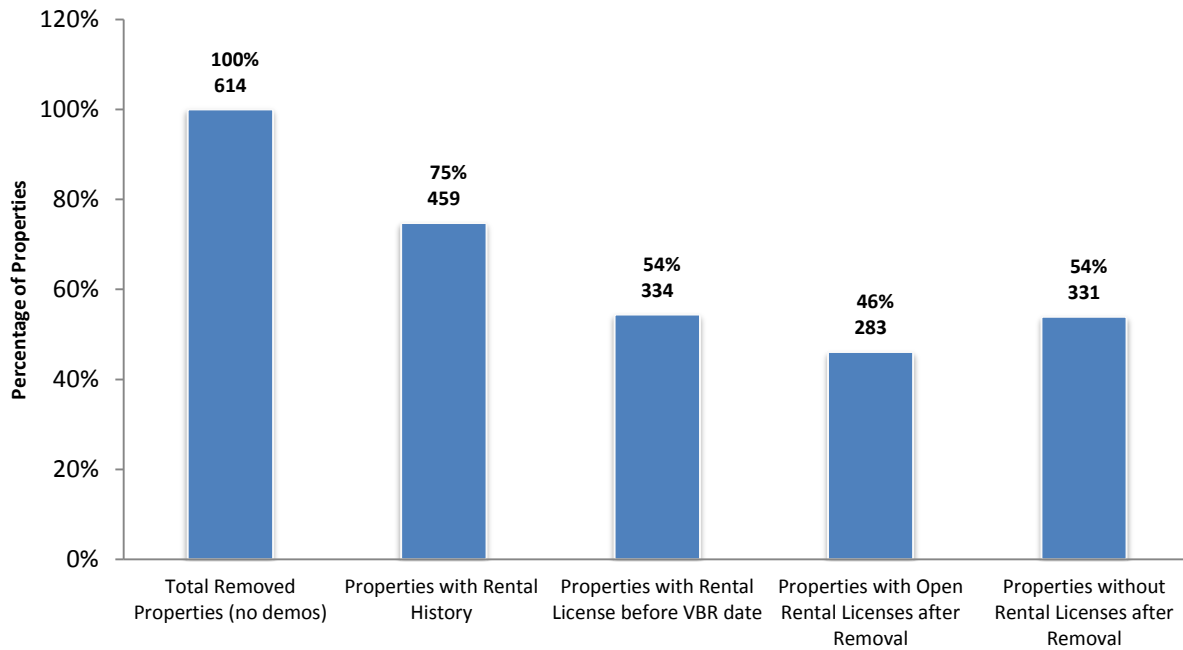
Rental Information

This study also examined the rental license status of properties that were removed from the VBR list within the last two years. A total of 814 properties were removed from the VBR list within the last two years. Of these, 200 came off the list because they were demolished or became were a commercial property and not in the scope and information collected in this study. The remaining 614 properties serve as the basis for the analysis. Notable findings include that 75 percent of the removed VBR properties have had a rental license at one point in time and 36 percent of the removed VBR properties that had a rental license before being in the VBR program no longer had a Rental License after resolving their vacancy status. Additionally, only five percent of the removed VBR properties converted into a rental property after being removed from the VBR program (meaning that they previously were listed as homestead but are now rental). Currently, 89 percent of the removed VBR properties that have no rental license are single-family dwellings.

These findings suggest that while many of the properties have had a rental license; fewer properties are re-used for rentals after coming off the VBR list. In addition, eight percent of properties that were rental going into the program did not obtain/renew rental licenses after being removed from the VBR program. Figure 8 reflects rental licensing status and shows the net loss or gain of rental properties before and after properties entered the VBR program. In figure 9a the chart displays the distribution of rental properties by dwelling type and figure 9b illustrates the distribution of removed VBR non-rental properties by dwelling.



Figure 8: Rental Activity: Removed VBR Properties (614 properties)



*200 removed VBR Non-Rental properties: commercial use or demos (excluded from graphic data)

Figure 9a: Removed VBR Rental Properties: Number of Units (270 properties: 13 no info)

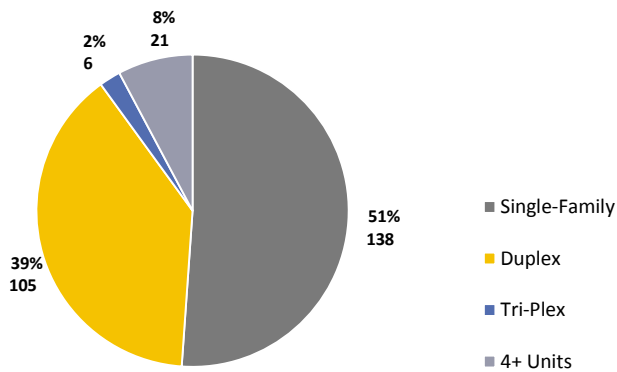
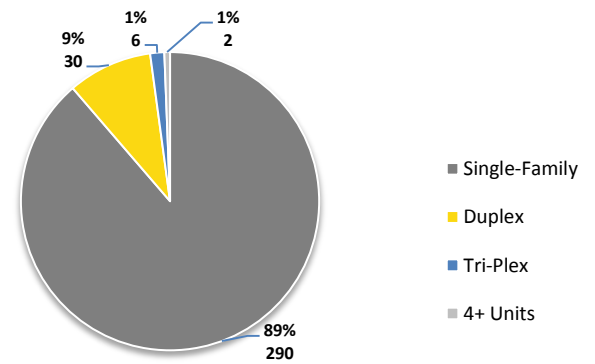


Figure 9b: Removed VBR Non-Rental Properties : Number of Units (327 properties: 4 no info)



*200 removed VBR Non-Rental properties: commercial use or demos (excluded from graphic data)



Maps (see Appendix A for maps)

Three maps were created to display the geographic distribution of VBR properties. The different areas of the City have different market strengths which may contribute to the length of time a property remains on the VBR. The maps are: properties recently on the list (less than two years), VBR properties on the list for two or more years, and properties removed from the VBR list within the last two years. Six total maps were created with the first three being organized by ward and the other three are categorized by neighborhood. See Appendix B for neighborhoods.

The general concentration of vacant buildings is similar. The greatest number of properties are located in the third, fourth and fifth wards followed by the sixth, eighth and ninth wards. Looking at the neighborhood distributions also shows similar patterns with North Minneapolis neighborhoods such as Jordan, Folwell, Hawthorn and Willard-Hay having the most VBR properties while many south and eastern neighborhoods have minimal to no VBR properties.

Conclusion:

Throughout this study there were findings that indicated that properties on the VBR list for two or more years had housing characteristics or trends that potentially kept them on the list for longer periods of time. These characteristics and trends include:

- Proportionally larger structures with more units compared to entire VBR list.
- High amounts of special assessments.
- Higher number/percent of structures with code violations.
- Higher proportion of condemnations compared to entire VBR list.
- Higher incidence of foreclosures and unsatisfied mortgages.
- Lower representation in the real estate housing market.

Additional findings that are noteworthy, but are not necessarily associated with properties staying in the VBR program for two or more years:

- Greater ownership by Hennepin County, the CPED department and non-profit partners compared to the entire VBR list and the removed VBR list.
- Higher concentration of VBR properties in the third, fourth and fifth wards.
- Net loss of rental properties and a gain of homestead properties with the removed VBR list.

These housing trends and characteristics can provide a better understanding of why properties are in the VBR program for more than two years. Due to the productive interaction of the VBR Research Committee and the host of identified action steps, the VBR Research Committee has agreed to continue to meet regularly to work on implementation strategies and continued collaboration.



Recommendations:

Based on the study results and ensuing discussions, the VBR committee has made the following recommendations:

Short-Term / Immediate

1. Approximately 30% of properties on the VBR list for more than two years are controlled by CPED, Non-Profit Partners or Hennepin County. More transparent and public information about status and plans for these properties is important for public perception that properties are being addressed.

Action: Assemble complete list with detailed description of disposition plan with time lines and contact information. Publish this information on the Regulatory Services – VBR Web Site.

2. Nearly 11 % of properties on the list are considered “charge-offs” where the bank may be unaware that the property is even part of their inventory. The mortgage is no longer being serviced or collected – but a foreclosure action was dismissed. Creating greater transparency in the foreclosure process and a better public understanding of charge-offs, will help move the properties more quickly into the housing market and off the VBR list.

Action: Host meeting with local banks to discuss the issues and concerns of properties on the VBR List for an extended period of time. Develop contact information to expedite transfers and foreclosure completions to get properties into hands of a bank or other owner(s). Meet with a banking community liaison to have annual/bi-annual meetings to discuss properties on the VBR owned by banks.

Focus areas:

- Accelerated process when charge-off situation is identified
- Discuss incentives for banks and lenders to avoid charge-off options

3. Gaining site control of abandoned properties is critical to ensuring that properties are re-entered into the housing market quickly. For properties that have been abandoned and are in an extreme state of tax-delinquency, the committee recommends two strategies:

Action: Review current procedure for expedited tax forfeiture (simplifies and initiates regular use of this tool).

Action: Explore feasibility of creating a process for disposition of tax-forfeited properties to qualified community developers (plan for owner-occupancy).



4. Providing easily accessible information about properties and owners to interested stake-holders (such as neighborhood associations, developers, preservation advocates, etc.) would also accelerate the pace of removal.

Action: Include names and addresses of owners with published list of VBR properties (this is public information that can be publically displayed on the City website).

Action: When available, identify properties with pending foreclosures and report information out to City Council (quarterly).

5. Coordination with other groups who are working towards similar goals would assist in accelerating resolution.

Action: Meet with MN Foreclosure Prevention Council and the Northside Home Fund to review findings and collaborate on strategies.

Action: Coordinate with the Federal Reserve Bank, and MN Foreclosure Prevention Council and Northside Home Fund to review findings; collaborate and share data and strategies on how to engage housing lenders.

Action: Coordinate with Center for Urban and Regional Affairs (CURA) on data collection and research – specifically regarding early information about foreclosure actions and notice of intent to foreclose documents that are received by Hennepin County Records Division.

Mid-Term

1. A notable finding in the study was that properties condemned for maintenance or boards are 45% more likely to be on the list for more than 2 years than non-condemned properties. It is important to get a better understanding of this fact and if adaptation of this requirement is feasible.

Action: Review condemnation/code compliance requirements for long-term VBR properties. Determine what impact (positive and negative) might be if these requirements could be adjusted or modified for certain properties.

2. Another finding of the study was that properties in the VBR program for more than 2 years had a heavier special assessment load. Presuming that cost recovery and profit margins are important in any rehabilitation plan, it is logical that properties with fewer special assessments are going to be more attractive in the market and those with more associated costs will be less desirable.



Action: Review VBR properties with a higher amount in special assessments and consider offering rehabilitation incentives.

3. The PPU routinely evaluates properties on the VBR list to determine appropriate abatement actions. Historically, an emphasis on demolition has been employed, but the city does have authority in MCO Chapter 249 to, under certain conditions, order the owner to rehabilitate the property and where such owner fails to act, authorize a contractor to rehabilitate and assess the cost of said rehabilitation to the property. Employing this strategy earlier on in the process will enable properties to be better preserved pending an ultimate disposition and potentially motivate owners to action prior to having to resort to demolition.

Action: Develop consistent criteria for use of the rehabilitation provision in 249 Ordinance and expand the use of Director's Order to Rehabilitate – targeted towards property on the list for 18+ months

4. Enlisting the public in identifying properties that are very recently vacant and notifying owners as soon as possible about the VBR program and the City's desire to reduce the number of vacant properties is another important focus area. Engaging neighborhood people and organizations in determining disposition strategies and partnering with interested stakeholders in the best and highest outcome would facilitate the rapid removal of properties from the VBR list.

Action: Engage the Community and Neighborhood Organizations in designing an early intervention approach in the VBR process, including decisions about preservation, cost benefit of rehabilitation, impact of demolition. Schedule coordinated meetings with CPED and Hennepin County to consider abatement strategies for properties on the VBR list.

Action: Create an Early Identifier hotline through 311 to identify vacant properties in the early stages.

Action: Develop a pre-VBR list (a watch list) in order to notify owners that their property may end up in the VBR program if action is not taken.

Long-Range

1. The inability of local governments to find and identify responsible parties for long-term vacant property is a chronic problem around the country. Many cities and states have taken progressive steps to gain control of these properties through legislation that defines abandonment and gives local governments the tools they need to preserve the housing stock.

Action: Pursue Abandoned Property Rehabilitation laws such as New Jersey, Ohio and Maryland's receivership laws. Pursue state legislation authorizing local governments to



seek rehabilitation of vacant properties through receivership or similar court facilitated avenue.

2. Reducing or eliminating vacant properties is going to take a coordinated approach that involves public and private partnerships and more opportunities for all types of people and organizations to participate. Un-tapped resources include individuals and small scale developers interested in fixing up property for re-sale. Many of these entrepreneurs are new immigrants or individuals interested in preserving our City's urban housing stock. The city has a wealth of experience with our for-profit and non-profit partners that could be shared thus expanding the pool of qualifying rehabilitation experts and quality homes.

Action: Create partnerships with non-profits to mentor new home-owners and small developers in rehabilitating vacant properties for home ownership.

Action: Coordinate a public awareness and "sales tour" of properties on the VBR list in order to create public awareness and interest for these vacant properties.



Glossary

A

Abatement: the resolution of a housing violation or work order within the City of Minneapolis.

Active sale listings: properties that are listed within the Multiple Listing Service as being for sale.

Assessed assessments: this refers to special assessments that have been transferred to property taxes due to nonpayment. This usually happens if payment is not completed before the end of a tax levy year.

Authorizations: this is when a City contractor has to take care of a property due to violations issued by the City. This can include: cutting grass, removing rubbish and securing dwellings open to trespass.

C

Charge-off: a charged-off property is described to be one that has initiated the foreclosure process. This is usually done with a Notice of Pendency to Foreclose, Power of Attorney to Foreclose or both. If these actions are taken and the process is not finalized we can assume it to be charged-off. What we indicate a finalized foreclosure to be is one that has gone through a Hennepin County Sheriff Sale.

City of Minneapolis Ordinance: this is a piece of legislation enacted by the City of Minneapolis.

City of Minneapolis Property Information System: the property information system is an online web data base that provides information for individual properties throughout the City of Minneapolis.

Code compliance: the rehabilitation process for condemned properties in order to make them habitable again.

Condemnation: a building that is considered unsafe to live in due to being vacant and boarded for more than 60 days, it is determined unsafe from specific hazards, is dilapidated, utilities have been discontinued or there is a housing hygiene problem.

Contract for deed: a property is purchased without a mortgage. Instead the buyer agrees to pay in installments while the seller retains the deed until the final installment is paid by the buyer.

Contract for purchase of tax-forfeited land: this contract consists of tax-forfeited land that is deemed non-conservation land and there is a sale to governmental unit, public or private auction to adjacent landowners only. There also needs to be approval from the County board, the Department of Natural Resources and the City of Minneapolis.

D

Delinquent taxes: taxes are delinquent when they are not paid by the given due date.

E

EnQuesta: this system is a database that keeps track of water usage through a property's water utility account.

F

Foreclosure history: the accumulated amount of foreclosures at a given property for the life of the property.

K

KIVA: a data base that is used to track housing violations, inspections, special assessments, code compliance, permits, owner information and other property related information.

H



Hennepin County Research Center: this is a resource provided by Hennepin County in order to retrieve property documentation that has been recorded and filed through the County.

Housing flags: a housing flag is an elevated housing violation(s) that requires a more intensive compliance process.

Housing market: the housing market is defined as the general market of houses being sold and purchased between sellers and buyers.

Housing violations: these are housing related issues that a property can have if owners do not properly maintain their property according to City of Minneapolis Ordinances.

I

Inspection: this is a process by which a City of Minneapolis approved inspector conducts a thorough examination of a property. The inspector will look for violations that go against City of Minneapolis Ordinances.

L

Limited warranty deed: with this deed the seller guarantees (warrants) that the deed title is free of any claims during the seller's ownership. It also does not hold them liable against any issues that will restrict the transfer of property to a new owner prior to the seller's ownership.

Levied: (see assessed assessment)

M

Mortgage information: the accumulated mortgage information for the life of the property. This includes deeds, satisfied and unsatisfied mortgages and charge-offs.

Multiple Listing System (MLS): this is used by real estate agents to list properties on the housing market for sale. This is used to

distribute information about a property for sale to other real estate agents and brokers.

N

Nuisance violations: these are violations that are directly due to irregular management or care of a property. This includes remove rubbish, cut grass/weeds and dwelling open to trespass.

O

Order to register: The requirement of a property to register into the VBR program and pay the annual fee.

P

Paid assessments: these are special assessments that have been paid by the property owner.

Pending assessments: special assessments that have been recently applied to a property but are not paid for yet.

Property history: this is a category in this study used to include mortgage information, foreclosures and MLS data.

Q

Quitclaim deed: the owner of a property quits his/her claim to a property and relieves the owner of liability regarding the ownership of the property thus, transferring his/her interest to a recipient.

R

Rehabilitation: in this study rehabilitation is referred to as a renovation of property. This means that the property will follow City of Minneapolis Ordinances to be compliant with housing codes.



Rental license: this is a permit that grants owners the ability to rent non-homestead property to other Minneapolis residents.

S

Special assessments: these are fees collected by the City of Minneapolis for improvements or services the City provides that benefit a property.

State deed: The purchasing and acquisition of a forfeited, foreclosed or bank-owned property to the state of Minnesota.

T

Tax-forfeiture: this is when a property owner fails to pay property taxes and Hennepin County takes possession of the property.

Total assessments: this is the accumulated amount of special assessments that have been applied to a property over time.

Truly abandoned properties: deteriorated, wrecked or derelict in an unusable condition having no value other than nominal scrap or junk, value, if any, and which has been unprotected from the elements.

U

Unsatisfied mortgage: when a mortgage is not fully paid back to the lender.

Unsecured: when a property is not protected from the elements, squatters, and other situations that involve trespassing.

V

Vacant: when the property owner/tenant is not occupying the property and there is no indication that an owner has an interest in occupying the property.

Vacant Building Registration (VBR) program: a method to track, monitor and manage nuisance vacant properties. This program ensures that properties are regularly maintained and secure while recapturing the associated costs.

W

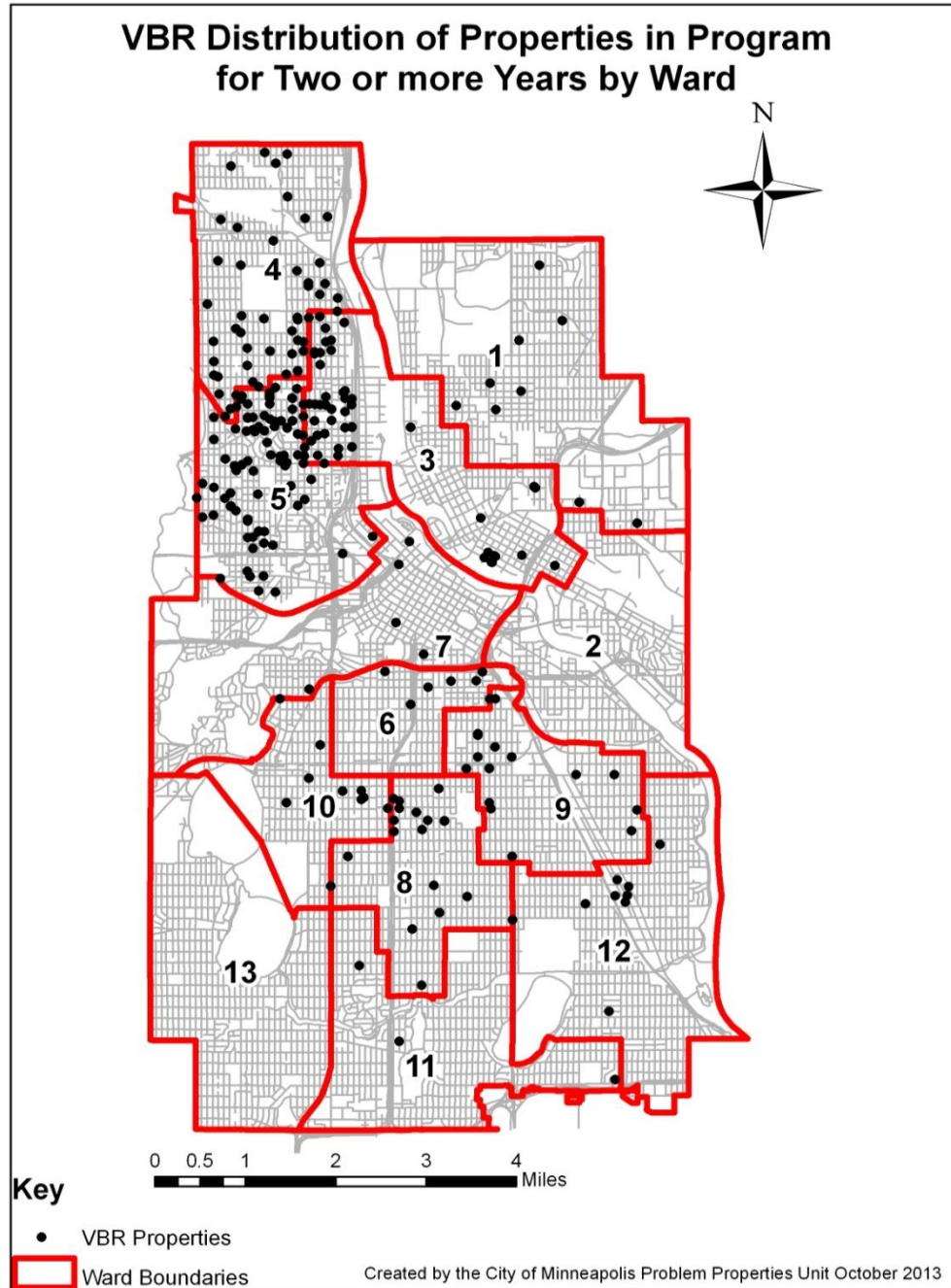
Warranty deed: the seller of a property guarantees that he/she holds clear title to a property and has a right to sell it to a buyer; this guarantee extends to the origins of the property and is not limited to the time the seller owned the property.

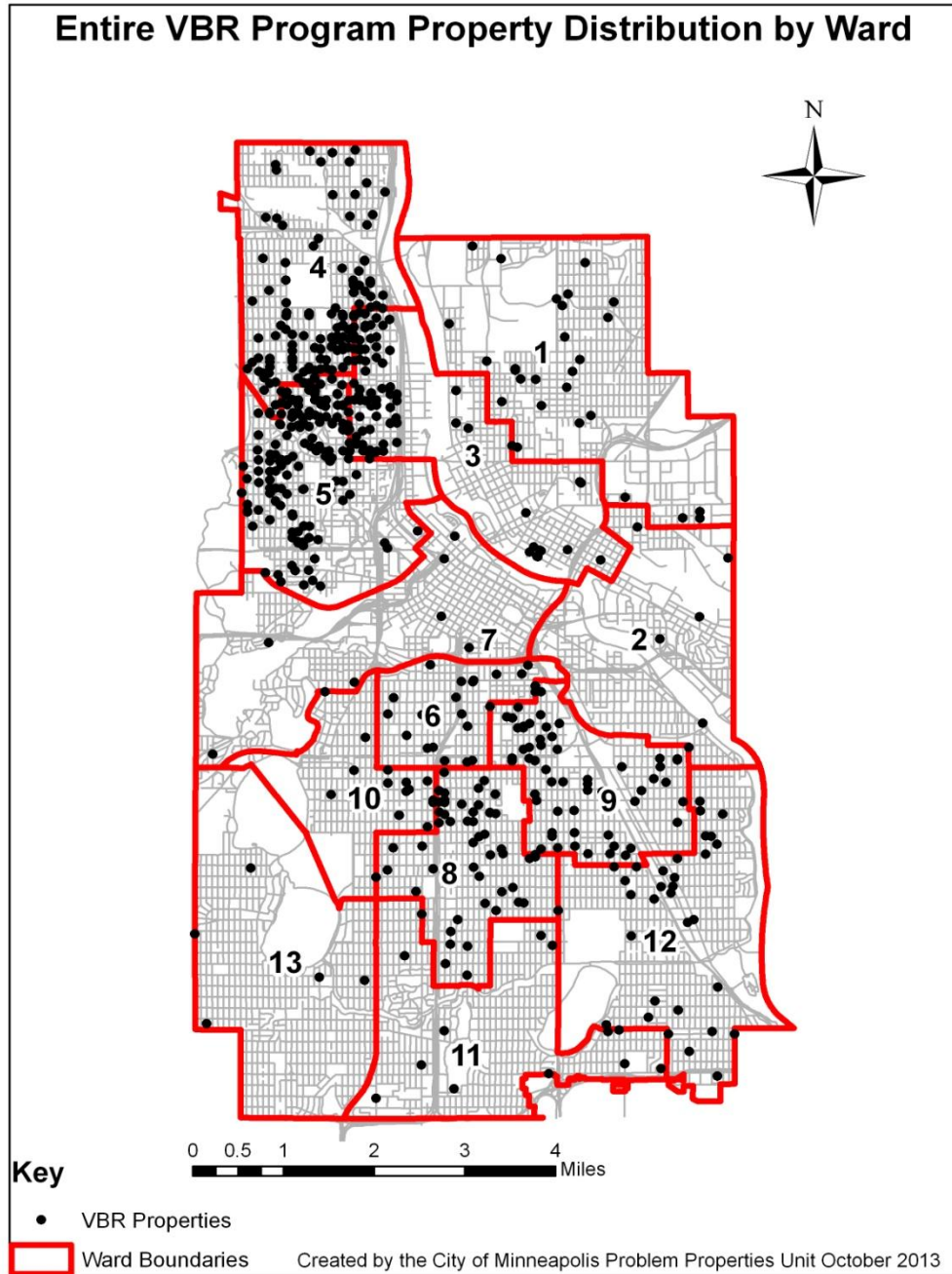


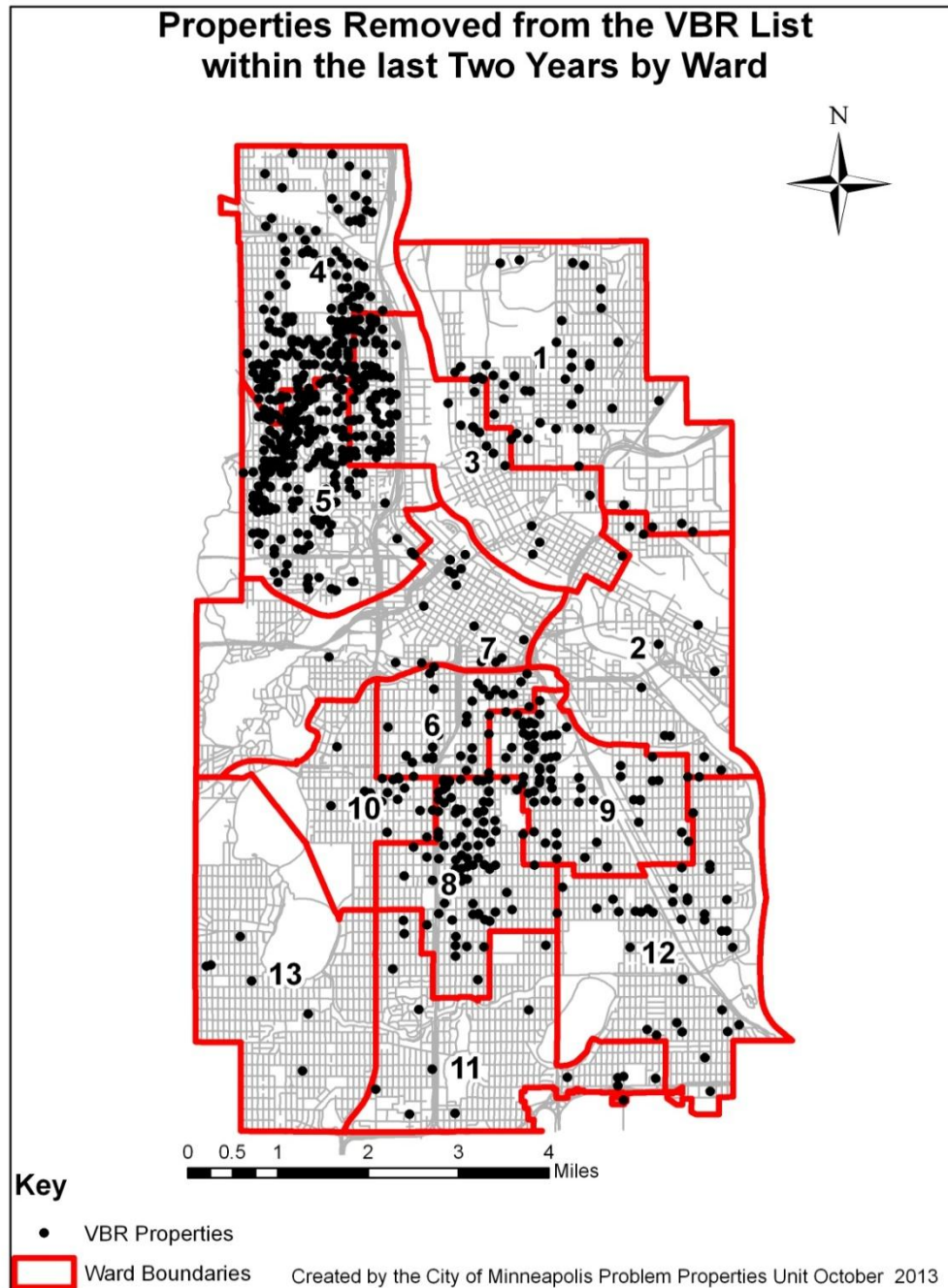
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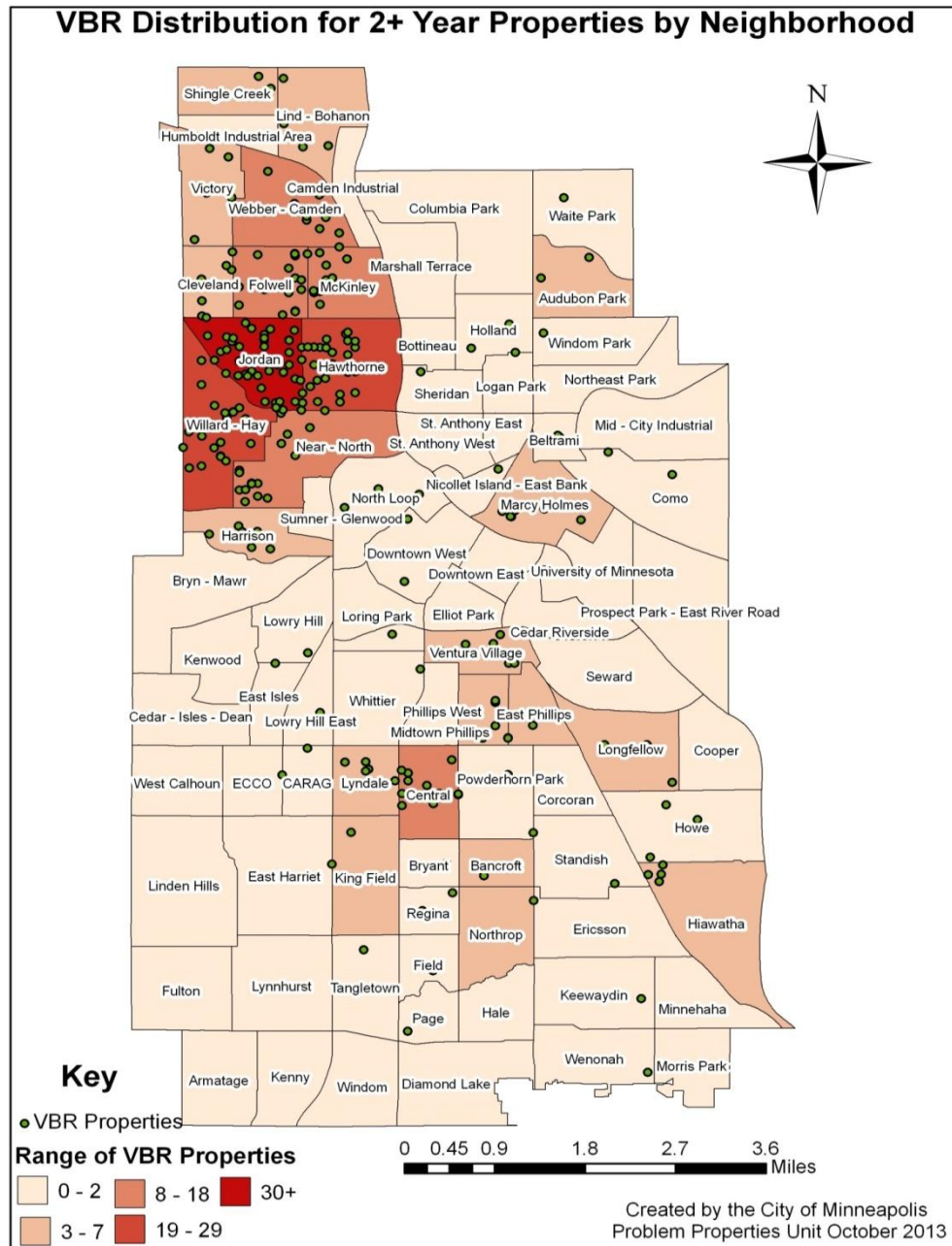


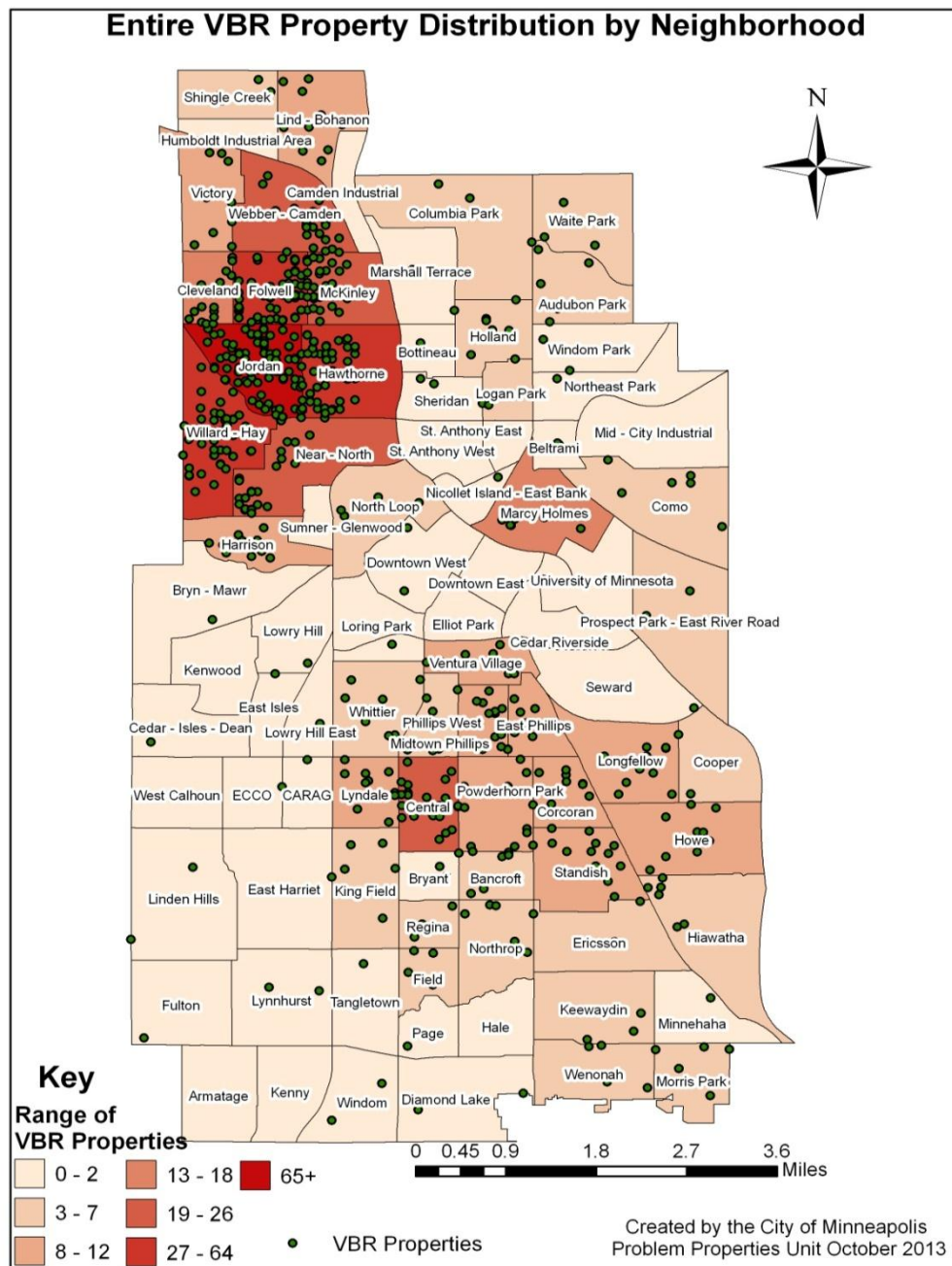
Appendix A. Maps

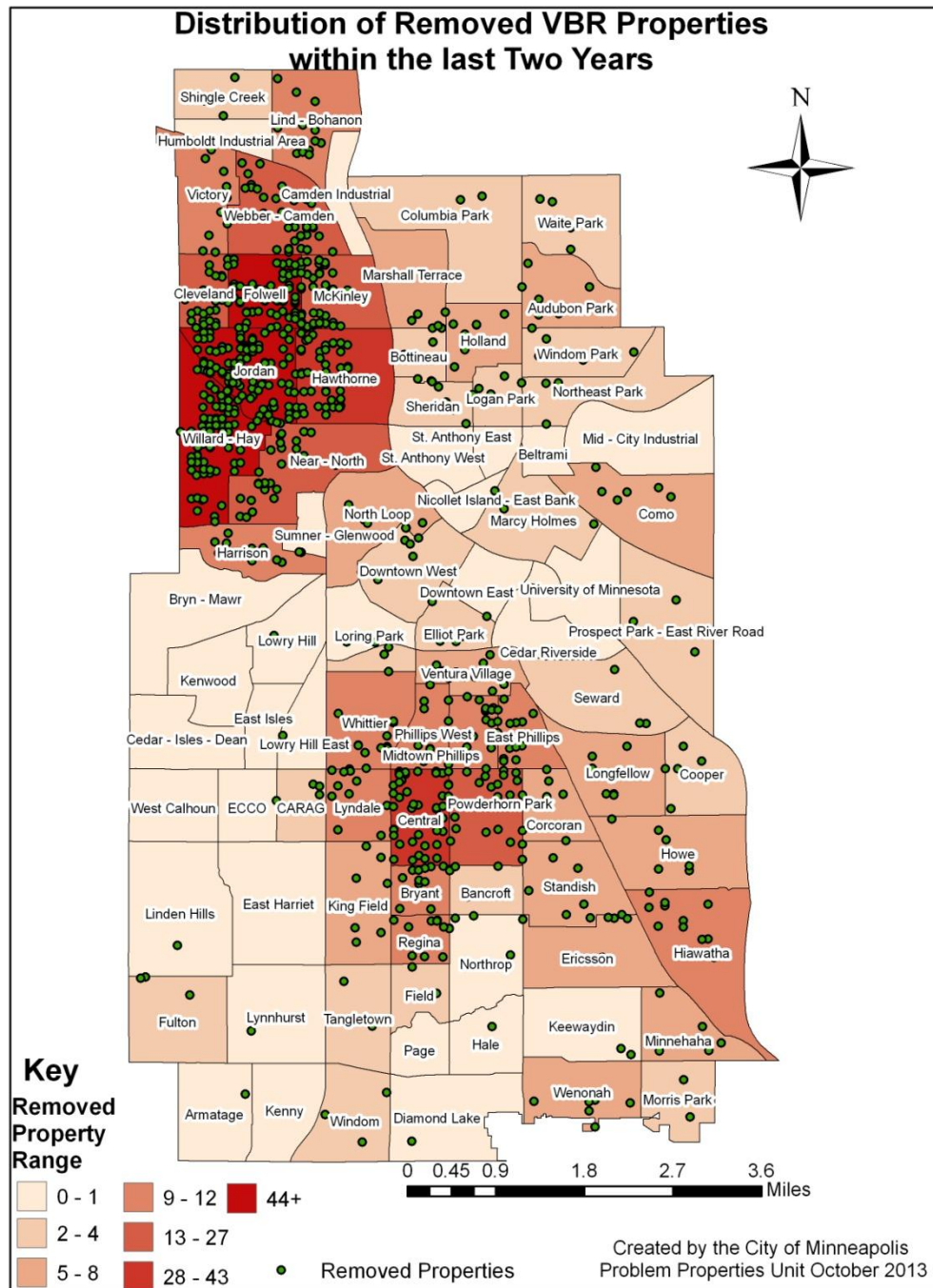












Appendix B. Table

VBR and Removed VBR Property Distribution by Neighborhood

Neighborhood	Two or more Year List	Entire List	Removed List
Armatage	0	0	1
Audubon Park	4	6	5
Bancroft	3	6	4
Beltrami	2	2	1
Bottineau	0	1	4
Bryant	1	2	12
Bryn Mawr	1	2	0
Camden Industrial	0	0	0
Carag	2	2	3
Cedar-Isles-Dean	1	1	0
Cedar Riverside	0	0	0
Central	11	22	43
Cleveland	6	14	20
Columbia Park	0	3	2
Como	2	5	5
Cooper	0	3	4
Corcoran	0	9	6
Diamond Lake	0	2	1
Downtown East	0	0	0
Downtown West	2	2	4
East Harriet	1	1	0
East Isles	1	1	0
East Phillips	4	9	9
Elliot Park	1	1	0
Ericsson	1	3	5
Field	1	4	2
Folwell	18	64	53
Fulton	1	1	2
Hale	0	0	1
Harrison	5	9	9
Hawthorne	29	54	38
Hiawatha	4	6	11
Holland	2	5	7
Howe	2	9	6
Humboldt Industrial Area	0	0	0
Jordan	45	90	71
Keewaydin	1	3	1
Kenny	0	0	0
Kenwood	0	0	0
King Field	6	6	7
Lind Bohanon	3	10	11
Linden Hills	2	2	1
Logan Park	1	4	3
Longfellow	3	10	6
Lowry Hill	1	1	1
Lowry Hill East	1	1	1



Lyndale	5	11	11
Lynnhurst	0	2	1
Marcy Holmes	7	18	4
Marshall Terrace	0	2	5
McKinley	12	26	27
Mid -City Industrial	0	0	0
Midtown Phillips	4	12	9
Minnehaha	0	2	6
Morris Park	0	5	2
Near North	16	26	22
Nicollet Island/East Bank	0	1	1
Northeast Park	0	1	4
North Loop	1	5	6
Northrop	5	5	0
Page	0	1	0
Phillips West	0	6	11
Powderhorn Park	2	12	17
Prospect Park/ East River Road	0	3	2
Regina	1	3	11
Seward	0	0	3
Sheridan	1	2	3
Shingle Creek	3	4	3
St. Anthony East	0	0	0
St. Anthony West	0	0	0
Standish	1	12	5
Stevens Square/Loring Heights	1	1	2
Tangletown	1	1	2
University of Minnesota	0	0	0
Ventura Village	3	9	8
Victory	5	9	11
Waite Park	1	4	4
Webber-Camden	15	23	24
Wenonah	1	4	6
Whittier	2	7	12
Willard-Hay	23	47	58
Windom	0	2	3
Windom Park	1	2	4

